

Message Text

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60
ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

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TO SECSTATE WASHDC 0861
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C O N F I D E N T I A L Q U I T O 2 8 0 1

E.O. 11652: GDS
TAGS: ECON, PINT, EC
SUBJECT: LABOR: MAY DAY PREPARATIONS; CONCERN OVER RISING PRICES
PREOCCUPIES TRADE UNIONS

1. SUMMARY: AS MAY DAY APPROACHES, GOE IS MOVING TO CONTROL
TRADE UNION MANIFESTATIONS AND IMPLEMENT MECHANISMS
ESTABLISHED TO SATISFY GROWING DEMANDS FOR WAGE INCREASES.
OBJECT IS TO PERMIT WORKERS TO KEEP WOMEWHAT ABREAST
OF RAPIDLY RISING FOOD AND COMMODITY COSTS AND PREVENT
STRAIGHT OUT-TRADE UNION OPPOSITION TO GOVERNMENT.
END SUMMARY.

2. FOLLOWING MARCH WAGE MEASURES (SEE QUITO 2255), TRADE
UNIONS LAGGED BEHIND POLITICIANS AND PUBLIC OPINION IN
ISSUING PUBLIC STATEMENT. WHAT FINALLY EMERGED IN PRESS
ON APRIL 7 WAS JOINT STATEMENT OF CEOSL (DEMOCRATIC),
CTE (COMMUNIST), AND CEDOC (CHRISTIAN) TRADE UNION CENTERS
CRITICIZING COMPENSATION AS INADEQUATE, CONDEMNING
INCREASES IN WAGES AND SALARIES AND FULL TRADE UNION
PARTICIPATION IN SALARY COMMISSIONS CREATED AS PART OF
MARCH MEASURES. NEW MINISTER OF LABOR LARREA REACTED
WITH PUBLIC NOTICE UNDERLINING HIS MINISTRY'S INTEREST
IN WELFARE OF WORKERS AND DESIRE CREATE GOOD MANAGE-
MENT/LABOR ATMOSPHERE IN COUNTRY.

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3. SINCE THEN THREE CENTERS HAVE MET JOINTLY WITH MINISTRY OFFICIALS TO PLAN MAY DAY EVENTS AND PRESENT TRADE UNION CONCERNS. THEY HAVE SPLIT IN PUBLIC REACTIONS ONLY ON IMPORTANT ISSUE OF TAXI FARE, BUS AND TRANSPORT INCREASES WHICH CTE AND CEDOC HAVE OPPOSED, CEOSL REMAINING SILENT. GROWING PROTESTS AND DIRECT ACTION OF TRANSPORT WORKERS HAVE BEEN TEMPORARILY SMOOTHERED BY GOVERNMENT, WHICH FORBADE EXTRAORDINARY NATIONAL CONGRESS TO CONSIDER "ECONOMIC SITUATION" AND PUT LID ON INCREASES IN FARJ , ETC., PENDING FURTHER SUTDY. DISCONTENT AMONG TRANSPORT WORKERS CONTINUES TO FESTER, WHILE PUBLIC, AT SAME TIME, HAS INCREASED COMPLAINTS OVER RISING COSTS. THERE WERE SOME SMALL DEMONSTRATIONS APRIL 25 BY STUDENTS AND HOUSEWIVES WHO BANGED ON EMPTY PANS TO PROTEST SHORTAGES AND HIGH PRICES OF STAPLES.

4. MINLAB ANNOUNCED FORMATION OF NATIONAL SALARY COMMISSION APRIL 25 WITH LABOR REPRESENTATION TO ROTATE EVERY FOUR MONTHS AMONG THREE CENTERS. JOSE CHAVEZ OF CEOSL PICHINCHA FEDERATION, WILL ACT FIRST FOUR MONTHS FOLLOWED BY CTE AND FINALLY CEDOC REPS.

5. ALL THESE CENTERS REPORTEDLY HAVE RECEIVED 5000 SUCRES (\$200.00) FROM THE GOE TO STAGE MAY 1 DEMONSTRATION (ALTHOUGH MINLAB DENIES THIS), AND ARE MEETING WITH PRESIDENT TODAY TO DISCUSS WAGE AND SALARY COMMISSIONS AND A RUMORED MAY DAY BONUS. MEANWHILE, COLUMNISTS AND OTHER OBSERVERS HAVE REMARKED ON INABILITY OR REFUSAL OF TRADE UNION LEADERS TO REFLECT RANK AND FILE COMPLAINTS OVER CURRENT ECONOMIC CONDITIONS.

6. COMMENT: MINISTER OF LABOR HAS REJECTED GENERAL WAGE AND SALARY INCREASES AND ADVOCATED SECTORAL STUDIES BY SPECIAL SALARY COMMISSIONS AS VEHICLE FOR MEETING TRADE UNION WAGE COMPLAINTS. HE HAS URGED RAPID ACTION BY NEWLY CREATED BODIES.

7. WEAKNESS OF TRADE UNION MOVEMENT HAS LED TO TENDENCY TOWARD JOINT ACTION OF CENTERS, WHICH HAS
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QUIET SUPPORT OF LABOR MINISTER LARREA. WE ANTICIPATE JOINT MAY DAY MARCHES. THE FACT THAT THEY HAVE GOVERNMENT AUTHORIZATION AND ARE AWARE OF GOE DETERMINATION TO PREVENT EXCESSES SUGGESTS THAT FORTHCOMING OFFICIAL TRADE UNION MAY DAY FESTIVITIES ARE NOT LIKELY TO CAUSE GOVERNMENT ANY TROUBLE.
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